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PLANNING MAGAZINE

# Support Grows for Preserving Rural Grocery Stores

*Lawmakers and communities fight to save access to affordable, healthy food and the social infrastructure local markets provide.*

INTERSECTIONS (/PLANNING/SECTION/INTERSECTIONS/) FOOD SYSTEMS

Opened in 2018 to provide groceries in a rural food desert, Great Scott! Community Market in Winchester, Illinois, sold groceries supplied by local farmers and businesses. But the co-op store closed in late 2023 after a Dollar General moved into town. Photo by Daniel Acker/The New York Times.

**May 7, 2024**

*By* KEVIN HARDY

Preserving grocery stores has been a perennial challenge for rural communities. Small, often declining populations make it tough to turn a profit in an industry known for its razor-thin margins. Increased competition from online retailers, the onslaught of chains such as Dollar General stores, and an aging lineup of independent grocers have only made things tougher.

The U.S. Department of Agriculture has tracked the decline (https://www.ers.usda.gov/webdocs/publications/101356/eib-225.pdf) of rural grocery stores. By 2015, USDA research showed a total of 44 counties had no grocery store at all — all but four of the counties were rural. In Kansas, one in five rural stores closed between 2008 and 2018, according to the Rural Grocery Initiative at Kansas State University (https://www.rural-grocery.org/learn/research/). No new store has opened in half of the 105 communities that lost grocers over that time.

Proposed legislation (https://nebraskalegislature.gov/FloorDocs/108/PDF/Intro/LB1116.pdf) at Nebraska's capitol in Lincoln could provide some relief. If passed, the new law would provide grants and loans for small grocers. It's among several legislative efforts in the region that aim to tackle the complex problem. In neighboring Kansas and Iowa, lawmakers have introduced bills with similar goals, following the lead of states — including Illinois, Minnesota, North Dakota, and Oklahoma — that have enacted laws setting up special funds to boost rural grocery stores.

"We're in a global economy, and Amazon's dominating, but that doesn't mean we should surrender," said Kansas state senator Rob Olson, a Republican.

After the only grocery store closed in Astell, Kansas, the rural town of approximately 400 rallied to not only fund but also operate their own market in April 2023. The store provides access to healthy and affordable food, while also creating nearly a dozen jobs. Photo courtesy Astell Community Grocery.

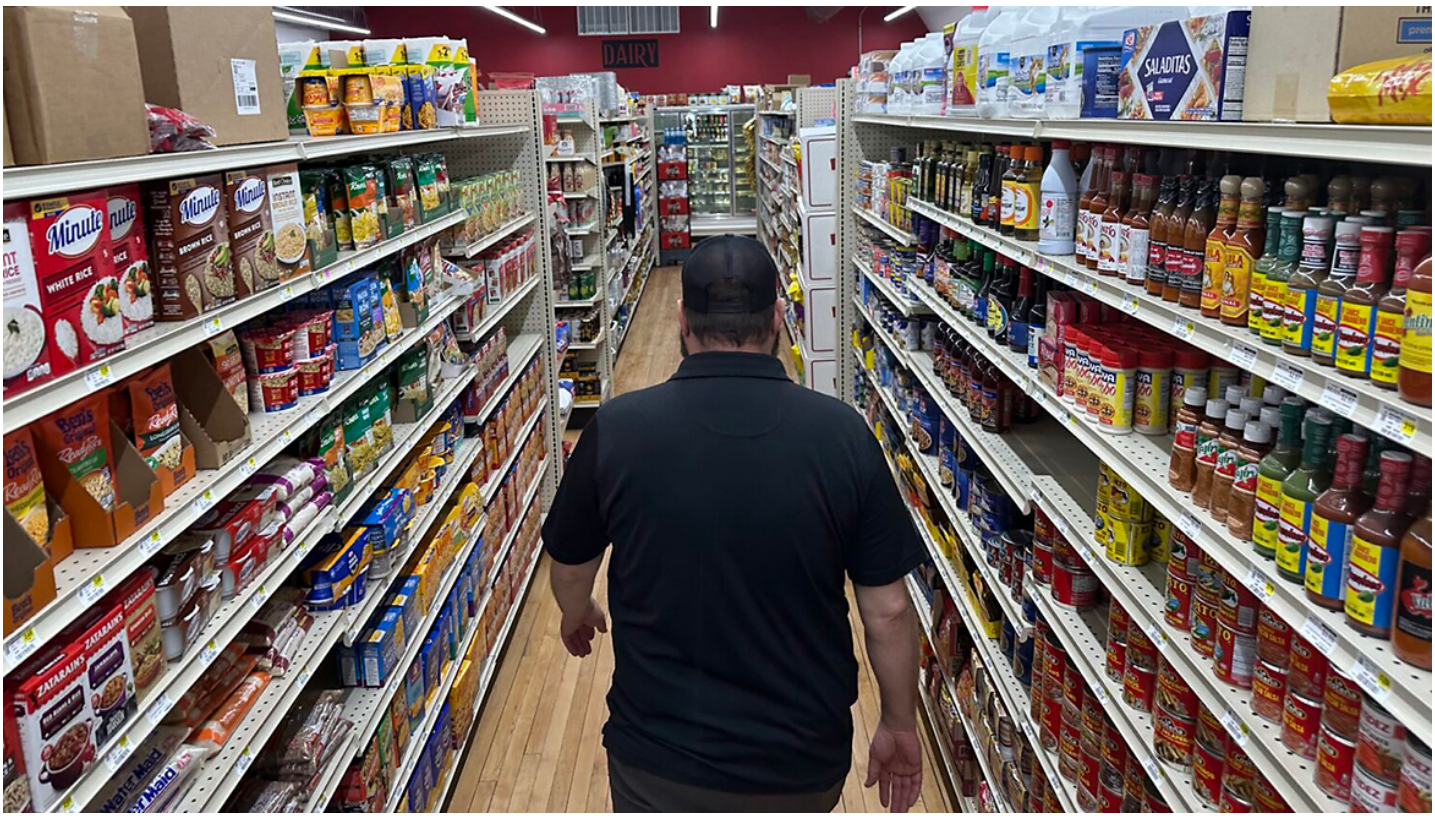
For two years in a row, Olson has introduced bills (https://legiscan.com/KS/text/SB159/2023) that would provide tax incentives for the development of rural grocery stores. A native of rural Kansas who now represents a suburban Kansas City district, Olson said lawmakers should be investing in grocery stores, broadband, and housing to improve rural communities.

"If we think about it, and we're smart about it, there's plenty of opportunities — all throughout the Midwest especially — to grow these economies," he said.

The pandemic underscored both the importance and fragility of rural grocery stores, said Jillian Linster, policy director at the nonprofit Center for Rural Affairs. "After the pandemic, we have seen a lot of these local grocery stores just struggling to keep the doors open with all the economic and workforce challenges we face in the current economy and the competition from the big-box retailers," she said.

Based in Lyons, Nebraska, the center has backed bills in both Nebraska and Iowa this session to provide small grants or loans to grocery stores with fewer than 25 employees in underserved communities. The hope is that providing money to replace a broken freezer or leaky roof could make the difference in keeping stores open.

Aside from preserving fresh food access, Linster said, grocery stores serve a wider social role. "It's a place where you see your neighbors, where your teenagers get their first job, where there's a bulletin board with help wanted and things for sale," she said. "So, it's a really important part of the social infrastructure in our small rural towns."




State lawmakers are seeking to provide loans and grants to keep small rural markets open, like Post 60 Market in Emerson, Nebraska, where General Manager Brian Horak and community members worked to open the cooperative in 2022 after the tiny town lost its only grocery store. Photo by Kevin Hardy/*Stateline*.

### Investing in grocery stores

Nebraska state senator Teresa Ibach said rural grocery stores, whether they're for-profit, cooperatives, or nonprofits, deserve the state's support. Ibach sponsored the legislation (https://nebraskalegislature.gov/FloorDocs/108/PDF/Intro/LB1116.pdf) that would set aside $4 million over two fiscal years for rural grocers.

If approved, the measure could help Gesg's Market in Exeter, Nebraska, about 50 miles west of Lincoln. The store has "a honey-do list a mile long," said Mitchell Schlegelmilch, who leads the board overseeing its operation.

Kathryn Drager says rural communities need more than just dollar stores and gas stations. "We need places where you can buy a kiwi, an onion, potato, beets," she said.

The director of regional sustainable development partnerships at the University of Minnesota, Draeger works with grocery stores across the state. Aside from the health benefits of fresh food, she said, rural stores are key to building more resilient supply chains since they can procure products from a variety of small vendors.

Aside from the health benefits of providing fresh food to the community, rural stores also are key to building more resilient supply chains since they can procure products from a variety of small vendors. Photo by Daniel Acker/*The New York Times*.

Draeger advocated for a state program to improve healthy food access (https://www.mda.state.mn.us/grants/grants/farmsupgrant) that began offering grants to rural and urban stores in 2017. Last year, the state agriculture department funded 15 projects at a cost of $426,862 — though nearly five times as much was requested.

"I believe every rural grocery store we lose is at our own peril," Draeger said. "There's so much public good in these small, private businesses. That is why this public investment in this private sector is really important."

Just as important as money, though, is leadership, said North Dakota Democratic state senator Kathy Hogan. She cosponsored a new law last year (https://ndlegis.gov/assembly/68-2023/reg-ular/full-index/hb2273.html) that made $1 million available to help preserve rural grocery stores. That money will only help if communities have strong leaders willing to work together, she said.

"Sometimes people think money is the answer to everything," she said. "The secret of the success of this is not so much money but local organization."

Republican state senator Janne Myrdal, another cosponsor, said the legislation was inspired by the work of grocery stores, communities, and schools (https://www.grandforksherald.com/news/north-dakota/pilot-project-addresses-rural-food-availability-in-places-like-park-river-n-d-and-surrounding-areas) in the northeast corner of the state. After struggling to find vendors willing to make small deliveries to remote areas, three stores formed a cooperative (https://dailyyonder.com/nonprofit-community-owned-or-multi-use-north-dakota-towns-get-creative-to-keep-grocery-stores-going/2023/09/04/) that can demand more inventory and better prices from suppliers — benefiting consumers, schools, and businesses.

The legislation required a local match from organizers and aims to pull multiple retailers and community organizations together to help stabilize deliveries and costs.

## A town missing its 'centerpiece'

People like to say the town of Malvern, Iowa, punches above its weight.

Though it's home to fewer than 1,300 people, the town touts miles of bicycle trails, a community garden, and public art sculptures. On Main Street: two restaurants, medical clinics, a bank, a pharmacy, and even a fitness center.

After a 2021 fire destroyed Mulholland Grocery in Malvern, Iowa, owner Tom Mulholland has struggled to rebuild despite community support and even a Meta-funded documentary chronicling his efforts. In the meantime, community members must travel 15 minutes to get to the nearest small-town grocery and a half-hour to the nearest supermarket. Photo by Kevin Hardy/*Stateline*.

But a fenced-in gaping hole is an obvious reminder of what's missing: the town's staple grocery store, lost in a 2021 fire. Tom Mulholland was the fourth-generation owner of Mulholland Grocery, which traces its history to the 1870s. Since the fire, the community has rallied around him. Meta, parent company of Facebook and Instagram, funded a documentary short film about the effort to rebuild (https://www.youtube.com/watch?v=ubqrzwq4HFE) the grocery store last year.

But even with an Oscar-winning documentarian as the director and scores of headlines, Mulholland has struggled. He's faced problems with insurance, finances, and construction headaches that set the rebuild back.

When the store was open, it was a hub of activity. People would drive long distances to buy from his meat counter. And in times of crisis, such as a recent flood in the area, customers would hand him cash, knowing he'd get it to the folks who needed it most.

After two years, people around town have grown weary of waiting for a store. Without Mulholland Grocery, Malvern residents must drive 15 minutes to reach another small-town grocery store or a half-hour to reach supermarket chains near Omaha. The absence of the grocery store is a sharp contrast to Malvern's otherwise encouraging trajectory. Some $40 million worth of new projects are in the works in the town, including public school renovations, a new subdivision, and a new early education center.

"We're a growing town," said Jay Burdic, the president of Malvern Bank. The third generation of his family to own the bank, Burdic is bullish on the community's future.

But every day brings a reminder of what's missing: His desk overlooks Main Street, directly across from the empty grocery store lot. "It was the centerpiece of our Main Street," he said. "And now it's just a hole in the ground."

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Kevin Hardy is a staff writer for Stateline (https://stateline.org/). This story was reprinted with permission from States Newsroom (https://statesnewsroom.com/), a national nonprofit news organization focused on state policy.

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